

FISCAL NOTE

HB 3243 - SB 3224

February 25, 2000

SUMMARY OF BILL: Increases the tax on spirits from \$4.00 per gallon to \$5.00 per gallon. Allocates revenues from the increased tax to the TennCare Program.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Net Impact - \$3,692,703

Increase State Expenditures - \$25,000 One-Time

Increase Local Govt. Revenues - Net Impact - \$807,554

<u>Increased Revenues</u>	<u>State Portion</u>	<u>Local Portion</u>
Spirits Tax	\$3,391,640	\$694,673
Sales Tax	<u>356,637</u>	<u>133,721</u>
Subtotal	\$3,748,277	\$828,394
 <u>Decreased Revenues</u>		
Sales Tax on Spirits [5% Decrease in Sales]	<u>55,574</u>	<u>20,840</u>
 NET INCREASE IN REVENUES		
	<u>\$3,692,703</u>	<u>\$807,554</u>

Estimate assumes the following:

- Approximately 5,448,418 gallons of spirits were sold last year.
- A decrease of in-state sales of approximately 5% or 272,421 gallons of spirits due to the increased tax.
- A one-time increase in state expenditures of \$25,000 for MIS systems implementation costs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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